

Message Text

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C O N F I D E N T I A L STATE 020676

E.O. 11652: GDS

TAGS: ECON, EEWT, UR

SUBJECT: SOVIET INQUIRY CONCERNING JOINT COMPANIES FOR
LICENSINTORG AND TRACTOROEXPORT

REF: 76 STATE 287391

1. SOVIET TRADE REPRESENTATIVE MKRTUMOV CALLED ON EUR
DEPUTY ASSISTANT SECRETARY ARMITAGE, JANUARY 24, TO GIVE
WRITTEN RESPONSES TO QUESTIONS US HAD PREPARED REGARDING
A JOINT COMPANY INVOLVING LICENSINTORG (COPY BEING POUCHED
TO EMBASSY) AND TO DISCUSS THE ESTABLISHMENT OF A SOVIET
TRACTOR COMPANY IN THE US.

2. MKRTUMOV SAID TRACTOROEXPORT AND SATRA HAVE DECIDED
THAT THE IMPORTATION OF SOVIET TRACTORS SHOULD BE DONE BY
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TRACTOROEXPORT ITSELF. THEREFORE, THE SOVIETS WANT TO
FORM AN IMPORTING COMPANY IN NEW YORK WITH 3-4 SOVIET
PERMANENT EMPLOYEES. THIS COMPANY WOULD PUT TOGETHER A
NETWORK OF US DISTRIBUTORS AND DEALERS (ONE OF THE
DISTRIBUTORS MAY BE SATRA). ALL SOVIET PERSONNEL WOULD BE
STATIONED IN NEW YORK. THE SOVIETS WOULD EMPLOY US

CITIZENS TO MAN THE MILWAUKEE FACILITIES WHICH TRACTOROEXPORT WANTS TO BUY FROM SATRA. MKRTUMOV NOTED THAT VASILY MYSHKOV, CHAIRMAN OF TRACTOROEXPORT, WILL ARRIVE IN THE US JAN. 30 IN HOPES OF SETTling ALL QUESTIONS. HE SAID ATTEMPTS HAVE BEEN MADE TO FIND US FIRMS WHICH COULD ACT AS IMPORTERS BUT ALL HAVE FAILED.

3. ARMITAGE RESPONDED THAT THE DEPARTMENT WANTS TO FACILITATE US-SOVIET TRADE. HE SAID THAT THE FIRST PRIORITY WAS TO ESTABLISH A SATISFACTORY NETWORK OF DEALERSHIPS, SINCE AN IMPORTING COMPANY WITHOUT SUCH AN ORGANIZATION DOES NOT HAVE MUCH PROMISE. MKRTUMOV SAID THE WORK OF ESTABLISHING DISTRIBUTORSHIPS MUST BE DONE BY SOMEONE, AND THAT WOULD BE THE PURPOSE OF THE THREE OR FOUR SOVIETS IN NEW YORK.

4. REFUSING TO MAKE ANY COMMITMENT ON THE QUESTION OF A NEW OFFICE AND ADDITIONAL SOVIET RESIDENTS IN THE US, ARMITAGE SAID HE WOULD CONFER WITH THE TRADE AND ECONOMIC COUNCIL ON HOW TO HANDLE THE KEY PROBLEM OF ORGANIZING DISTRIBUTORSHIPS AND DEALERSHIPS, AND SAID HE WOULD BE BACK IN TOUCH WITH MKRTUMOV BEFORE MYSHKOV'S ARRIVAL.

5. EUR/SOV DEPUTY DIRECTOR EDGAR MET TRADE REPRESENTATION LEGAL ADVISER TISHCHENKO, JAN. 28, AND GAVE HIM THE FOLLOWING NON-PAPER IN RESPONSE TO MKRTUMOV'S INQUIRY:

BEGIN TEXT. -- THE DEPARTMENT IS PREPARED TO FACILITATE
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THE SALE OF SOVIET TRACTORS IN THE UNITED STATES.

-- WE BELIEVE THAT THE FIRST STEP IS FOR TRACTOROEXPORT TO ESTABLISH A NETWORK OF US DISTRIBUTORS AND DEALERS FOR THE TRACTORS.

-- WE ARE PREPARED TO CONSIDER THE FORMATION OF A SOVIET-OWNED CORPORATION FOR THIS PURPOSE, BUT WILL NEED FULL SPECIFICS BEFORE REPLYING ON THIS POINT.

-- WHILE THE DISTRIBUTION NETWORK IS BEING ESTABLISHED, WE WOULD BE WILLING TO LET OFFICIALS FROM TRACTOROEXPORT VISIT THE UNITED STATES ON A TEMPORARY BASIS (UP TO SIX MONTHS AT A TIME), UNDER THE USUAL PROCEDURES GOVERNING VISAS AND TRAVEL. THESE TEMPORARY VISITORS WOULD BE BASED IN NEW YORK AND TRAVEL REQUESTS COULD BE SUBMITTED THROUGH AMTORG OR THE TRADE AND ECONOMIC COUNCIL.

-- WE ARE NOT PREPARED AT THIS TIME TO AUTHORIZE THE

STATIONING OF SOVIET CITIZENS IN THE US FOR THE TRACTOR
COMPANY. WE WOULD BE PREPARED TO CONSIDER THIS QUESTION
AGAIN, ONCE A VIABLE DISTRIBUTION NETWORK FOR THE TRACTORS
HAS BEEN ESTABLISHED AND A SIGNIFICANT LEVEL OF SALES HAS
BEEN ASSURED. END TEXT.
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Message Attributes

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